

REPORT OF INDEPENDENT AUDITORS

Board of Directors
Clinton County Telephone Company

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Clinton County Telephone Company and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2014 and 2013, and the related consolidated statements of operations, changes in stockholder's equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

REPORT OF INDEPENDENT AUDITORS
(continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Clinton County Telephone Company and its subsidiaries as of December 31, 2014 and 2013, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

[REDACTED]

Moss Adams LLP

Spokane, Washington
April 21, 2015

CLINTON COUNTY TELEPHONE COMPANY
CONSOLIDATED BALANCE SHEETS

ASSETS

	December 31,	
	2014	2013
CURRENT ASSETS		
Cash and cash equivalents	\$ [REDACTED]	\$ [REDACTED]
Subscriber accounts receivable, less allowance of [REDACTED] in 2014 and [REDACTED] in 2013	[REDACTED]	[REDACTED]
Settlements and access accounts receivable, less allowance of [REDACTED] in 2014 and 2013	[REDACTED]	[REDACTED]
Accounts receivable, affiliated company	[REDACTED]	[REDACTED]
Income tax refund receivable, parent	[REDACTED]	[REDACTED]
Materials and supplies	[REDACTED]	[REDACTED]
Other current assets	[REDACTED]	[REDACTED]
Total current assets	[REDACTED]	[REDACTED]
INVESTMENTS AND OTHER ASSETS		
Investment in affiliates	[REDACTED]	[REDACTED]
Investment in nonaffiliates	[REDACTED]	[REDACTED]
Other assets	[REDACTED]	[REDACTED]
Total other assets	[REDACTED]	[REDACTED]
PROPERTY, PLANT, AND EQUIPMENT		
Telecommunications plant in service	[REDACTED]	[REDACTED]
Telecommunications plant under construction	[REDACTED]	[REDACTED]
Other plant in service	[REDACTED]	[REDACTED]
Less accumulated depreciation	[REDACTED]	[REDACTED]
Total property, plant, and equipment	[REDACTED]	[REDACTED]
Total assets	[REDACTED]	[REDACTED]

CLINTON COUNTY TELEPHONE COMPANY
CONSOLIDATED BALANCE SHEETS

LIABILITIES AND STOCKHOLDER'S EQUITY

	December 31,	
	2014	2013
CURRENT LIABILITIES		
Accounts payable	\$ [REDACTED]	\$ [REDACTED]
Advance billings	[REDACTED]	[REDACTED]
Other accrued liabilities	[REDACTED]	[REDACTED]
Income taxes payable, parent	[REDACTED]	[REDACTED]
Deferred revenues	[REDACTED]	[REDACTED]
Current maturities - long-term debt	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]
Total current liabilities	[REDACTED]	[REDACTED]
LONG-TERM DEBT	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]
DEFERRED INCOME TAXES	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]
STOCKHOLDER'S EQUITY		
Common stock ([REDACTED] shares authorized and outstanding [REDACTED] par value per share)	[REDACTED]	[REDACTED]
Additional paid-in capital	[REDACTED]	[REDACTED]
Retained earnings	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]
Total stockholder's equity	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]
Total liabilities and stockholder's equity	[REDACTED]	[REDACTED]

CLINTON COUNTY TELEPHONE COMPANY
CONSOLIDATED STATEMENTS OF OPERATIONS

	Years Ended December 31,	
	2014	2013
OPERATING REVENUE		
Wireline		
Video		
Internet		
Miscellaneous revenues		
Total operating revenues		
OPERATING EXPENSES		
Plant specific		
Plant nonspecific		
Depreciation and amortization		
Customer operations		
Corporate operations		
Other operating taxes		
Other operating expenses		
Other expenses		
Total operating expenses		
Operating income (loss)		
NONOPERATING INCOME (EXPENSE)		
Interest and dividend income		
Interest expense		
Gain on sale of investment		
Total nonoperating expense		
Income before taxes		
Income tax benefit (expense)		
Net income (loss)		

CLINTON COUNTY TELEPHONE COMPANY
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY

	Common Stock	Additional Paid-In Capital	Retained Earnings	Total Stockholder's Equity
Balance at December 31, 2012	● [REDACTED]	[REDACTED]	● [REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Balance at December 31, 2013	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Balance at December 31, 2014	● [REDACTED]	[REDACTED]	● [REDACTED]	[REDACTED]

CLINTON COUNTY TELEPHONE COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31,	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	██████████	● ██████████
Adjustments to reconcile net income (loss) to net cash from operating activities		
Depreciation	██████████	██████████
Amortization	██████████	██████████
Gain on sale of investments	██████████	██████████
Patronage income	██████████	██████████
Deferred income taxes	██████████	██████████
Changes in assets and liabilities		
Accounts receivable	██████████	██████████
Affiliate accounts receivable	██████████	██████████
Income taxes	██████████	██████████
Material and supplies	██████████	██████████
Other current assets	██████████	██████████
Accounts payable	██████████	██████████
Advance billings and payments	██████████	██████████
Other accrued expenses	██████████	██████████
Deferred revenue	██████████	██████████
Net cash from operating activities	██████████	██████████
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	██████████	██████████
Purchases of property and equipment	██████████	██████████
Patronage received	██████████	██████████
Net cash from investing activities	██████████	██████████

CLINTON COUNTY TELEPHONE COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31,	
	2014	2013
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on long-term debt	● [REDACTED]	● [REDACTED]
NET CHANGES IN CASH AND CASH EQUIVALENTS	[REDACTED]	[REDACTED]
CASH AND CASH EQUIVALENTS, beginning of period	[REDACTED]	[REDACTED]
CASH AND CASH EQUIVALENTS, end of period	● [REDACTED]	● [REDACTED]
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for		
Interest	● [REDACTED]	● [REDACTED]

CLINTON COUNTY TELEPHONE COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Significant Accounting Policies

Description of entity – Clinton County Telephone Company (Company) provides local telephone exchange, Internet, television, and other telecommunications services to customers in the state of Michigan. The Company is wholly-owned by Great Lakes Comnet, Inc. (GLC).

Principles of consolidation – The financial statements include the accounts of Clinton County Telephone Company (CCTC) and its wholly-owned subsidiaries, Westphalia Telephone Company (WTC), Westphalia Broadband, Inc. (WBI). All material intercompany accounts and transactions are eliminated in consolidation.

Accounting policies – The financial statements of the Company and its consolidated subsidiaries have been prepared in conformity with accounting principles generally accepted in the United States of America applicable to regulated public utilities. Such accounting principles are consistent, in all material respects, with accounting prescribed by the Federal Communications Commission (FCC).

Accounting estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include depreciation expense and allowance for uncollectible receivables.

Cash and cash equivalents – For purposes of the statements of cash flows, the Company considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Concentration of risks – At various times throughout the year, the cash balances deposited in local institutions exceed federally insured limits. A possible loss exists for those amounts in excess of \$250,000.

Accounts receivable – Accounts receivable are stated at the amount management expects to collect on outstanding balances. The Company reviews the collectability of accounts receivable annually based upon an analysis of outstanding receivables, historical collection information, and existing economic conditions. Receivables from subscribers are due 15 days after issuance of the subscriber bill. Receivables from other exchange carriers are due 30 days after issuance of the bill. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Clinton County management believes it has established adequate reserves for any risk associated with these receivables.

CLINTON COUNTY TELEPHONE COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Significant Accounting Policies (continued)

Materials and supplies – Materials and supplies consist of construction materials, items held for resale, and other equipment, which are valued at the lower of average cost or market.

Investment in affiliate – The Company's investment in affiliate consisted of an investment in Great Lakes Comnet, which was sold during 2014. Great Lakes Comnet was created by a group of independent telephone companies to offer network and toll services. The investment was accounted for using the cost method.

Investments in nonaffiliates – Investments in nonaffiliates consist primarily of assigned patronage from other associations and are accounted for using the cost method.

Property, plant, and equipment – Property, plant, and equipment are stated at cost. The cost of additions and substantial betterments of property, plant, and equipment is capitalized. The cost of maintenance and repairs is charged to operating expenses.

Property, plant, and equipment are depreciated using the straight-line method over their estimated useful lives, generally ranging from 3 to 26 years. In accordance with composite group depreciation methodology, when a portion of the Company's depreciable property, plant, and equipment is retired in the ordinary course of business, the gross book value is charged to accumulated depreciation.

Long-lived assets – Long-lived assets are reviewed by management for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. If the expected future cash flow from the use of the asset and its eventual disposition is less than the carrying amount of the asset, an impairment loss is recognized and measured using the asset's fair value.

Income taxes – The Company files consolidated federal and state income tax returns with its parent company, GLC. Accordingly, income taxes payable to (refundable from) the tax authorities are recognized on the financial statements of the parent company who is the taxpayer for income tax purposes. The members of the consolidated group allocate payments to any member of the group for the income tax reduction resulting from the member's inclusion in the consolidated return, or the member makes payments to the parent company for its allocated share of the consolidated income tax liability. This allocation approximates the amount that would be reported if the Company were separately filing its tax returns and amounts owing to or from the parent are reported on the balance sheets as income taxes receivable or payable, parent.

Deferred taxes are provided on a liability method whereby deferred tax liabilities are recognized for deductible temporary differences and deferred tax assets are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax basis. Deferred tax liabilities relate primarily to the use of accelerated depreciation methods for tax purposes. Deferred tax assets relate primarily to net operating loss and capital loss carryforwards. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not some portion or all of the deferred tax will not be realized.

CLINTON COUNTY TELEPHONE COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Significant Accounting Policies (continued)

Income taxes (continued) - The Company records uncertain tax positions if the likelihood the position will be sustained upon examination is less than 50%. As of December 31, 2014 and 2013, the Company had no accrued amounts related to uncertain tax positions. Interest and penalties, if any, are recorded as interest expense and other expense, respectively. The statute of limitations is generally three years for federal returns and four years for Michigan returns. The Company is no longer subject to U.S. federal or state and local income tax examinations by tax authorities for years before 2011 and 2010, respectively.

Revenue recognition - Monthly service fees derived from local wireline, Internet, and television services are billed one month in advance, but recognized in the month that service is provided.

Usage sensitive revenues such as access (revenues earned for originating/terminating long distance calls) and long distance charges billed to subscribers are generally billed as a per-minute charge. Although these revenues are billed in arrears, an estimate of unbilled revenues is accrued in the month service is provided.

Westphalia Telephone's wireline revenues also include settlements based on the Company's participation in the revenue pools administered by the National Exchange Carrier Association (NECA). Revenues are determined by formulas that are based upon a representative sample of pooled network facility costs and demand quantities (i.e. minutes of use, access lines, etc.). These formulas are approved by the FCC annually and the pools are subject to a 24-month adjustment period. Management does not anticipate significant adjustments to recorded revenues for the years ended December 31, 2014 and 2013.

Westphalia Telephone's universal service support revenue is intended to compensate the Company for the high cost of providing rural telecommunications service. Universal service support revenue includes funds received for high cost loop support, interstate common line support, Connect America Fund (CAF) support, and other miscellaneous programs.

Regulation - The Company's services are subject to rate regulation as follows:

- Incumbent local telephone and intrastate access revenues are regulated by the Michigan Public Service Commission. The FCC also has assumed preemptive authority to regulate intrastate telecommunications services, including intrastate terminating access rates.
- Incumbent interstate access revenues are regulated by the FCC through its regulation of rates and settlements procedures as administered by NECA.
- Universal service revenues are administered by Universal Service Administrative Company (USAC), based on rules established by the FCC.

CLINTON COUNTY TELEPHONE COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Significant Accounting Policies (continued)

Regulation (continued) – Other sources of revenues are not rate regulated, and include local wireline and access services that are provided in competition with another incumbent wireline carrier (CLEC), Internet, long distance, equipment sales, billing and collection, and other incidental services.

Other operating expenses and nonregulated plant are directly attributable to the following nonregulated services: Internet, television, and miscellaneous revenues.

All other operating expenses and telecommunications plants are related primarily to wireline revenues. However, some of these costs jointly relate to regulated and nonregulated services.

Taxes imposed by governmental authorities – The Company's customers are subject to taxes assessed by various governmental authorities on many different types of revenue transactions with the Company. These specific taxes are charged to and collected from the Company's customers and subsequently remitted to the appropriate taxing authority. The taxes are accounted for on a net basis and excluded from revenues.

Subsequent events – Subsequent events are events or transactions that occur after the balance sheet date but before the financial statements are available to be issued. The Company recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing the financial statements. The Company's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the balance sheet but arose after the balance sheet date and before the financial statements are available to be issued.

The Company has evaluated subsequent events through April 21, 2015, which is the date the financial statements are available to be issued.

Reclassifications – For comparability, certain amounts reported in 2013 have been reclassified in order to conform to the 2014 presentation. These reclassifications had no effect on net income or stockholder's equity as previously reported.

CLINTON COUNTY TELEPHONE COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

[REDACTED]

[REDACTED]

[REDACTED]

Note 3 – Investments in Nonaffiliates

Investments in nonaffiliates consist primarily of assigned patronage from other cooperatives and nonmarketable stock of telephone industry corporations. Investments in nonaffiliated organizations are carried at cost, as the investments do not have readily determinable fair values, and consist of the following:

	2014	2013
National Rural Telecommunications Cooperative (NRTC)	[REDACTED]	[REDACTED]
Rural Telephone Finance Cooperative (RTFC)	[REDACTED]	[REDACTED]
CoBank	[REDACTED]	[REDACTED]

Rural Telephone Finance Cooperative (RTFC) is a financing entity from which the Company has borrowed funds and is owned and controlled by its customers. Each customer borrowing from RTFC shares in the net income of the entity through payment of patronage refunds. The investment also consists of subordinated certificates that represent a capital investment by the Company in RTFC as a condition of borrowing. Approximately 20% to 40% of patronage refunds are received in cash with the balance coming in additional ownership of the financing cooperative. Subordinated capital is redeemable at face value for cash after the related debt is paid off; patronage ownership is subject to general retirement practices. The patronage refunds are reflected in the statement of operations as dividend income.

CLINTON COUNTY TELEPHONE COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4 - Other Assets

Other assets consist of the following:

	2014	2013
Loan fees	● [REDACTED]	● [REDACTED]
Video services contract	● [REDACTED]	● [REDACTED]
	● [REDACTED]	● [REDACTED]

The Company entered into a ten-year contract with Allendale Telephone Company (ATC) to utilize the ATC head end to provide video services. Initial costs related to the contract are amortized on a straight-line basis.

The costs are being amortized on a straight-line basis over the life of the agreements. Amortization expense expected to be recognized over the next two years is as follows:

Years ending December 31,	
2015	● [REDACTED]
2016	● [REDACTED]

Note 5 - Property, Plant, and Equipment

Property, plant, and equipment balances, together with accumulated depreciation, consist of the following at December 31:

	Depreciable Life	Plant Account	Accumulated Depreciation	2014 Net Balance	2013 Net Balance
General support assets	4-26 years	● [REDACTED]	● [REDACTED]	● [REDACTED]	● [REDACTED]
Central office assets	4-10 years	● [REDACTED]	● [REDACTED]	● [REDACTED]	● [REDACTED]
Cable and wire facilities	17 years	● [REDACTED]	● [REDACTED]	● [REDACTED]	● [REDACTED]
Internet and television	3-20 years	● [REDACTED]	● [REDACTED]	● [REDACTED]	● [REDACTED]
Plant under construction	n/a	● [REDACTED]	● [REDACTED]	● [REDACTED]	● [REDACTED]
		● [REDACTED]	● [REDACTED]	● [REDACTED]	● [REDACTED]

CLINTON COUNTY TELEPHONE COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 6 - Long-Term Debt

Long-term debt is as follows as of December 31:

	<u>Interest Rate</u>	<u>Maturity Dates</u>	<u>2014</u>	<u>2013</u>
Rural Telephone Finance Cooperative (RTFC), variable	██████	██████	████████████████	████████████████
Less current portion			████████████████	████████████████
			████████████████	████████████████

The RTFC debt requires quarterly principal payments ranging from ████████ to ████████ plus interest through February 28, 2015. The remaining principal balance is also due in 2015.

Substantially all assets of the Company are pledged as security for long-term debt. The terms of the mortgage agreements contain restrictions requiring the maintenance of defined ratios for leverage, debt service coverage, and include limitations on additional debt and dividend distributions. The Company was in violation of the debt service coverage ratio at December 31, 2014.

Note 7 - Income Taxes

The components of the provision for income tax benefit (expense) are as follows as of December 31:

	<u>2014</u>	<u>2013</u>
Current		
Federal	████████████████	████████████████
State	████████████████	████████████████
Deferred		
Federal and state	████████████████	████████████████
	████████████████	████████████████

The provision for income taxes differs from the amount computed by applying the current statutory federal income tax rate to earnings before taxes due to the effect of state income taxes (net of federal benefit), nondeductible items, and prior year over or under accruals.

CLINTON COUNTY TELEPHONE COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 7 - Income Taxes (continued)

The components of the net deferred tax liability recorded in the accompanying balance sheets at December 31, are:

	2014	2013
Deferred tax asset		
Allowance for doubtful accounts	● [REDACTED]	● [REDACTED]
Accrued compensation	[REDACTED]	[REDACTED]
Net operating loss carryforward	[REDACTED]	[REDACTED]
Capital loss carryforwards	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]
Valuation allowance	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]
Net deferred tax assets	[REDACTED]	[REDACTED]
Deferred tax liability		
Tax depreciation greater than book	[REDACTED]	[REDACTED]
Other	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]
Net deferred tax liabilities	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]
Total deferred tax liability	[REDACTED]	[REDACTED]

The Company has a federal net operating loss carryforward of approximately [REDACTED] that begins to expire in 2027. The Company also has state net operating loss carryforwards of approximately [REDACTED] that expire in 2024. Due to a change in control, the use of net operating losses are subject to limitation imposed by the Internal Revenue Code, which limits the use to approximately [REDACTED] per year.

Note 8 - Related Party Transactions

The Company provides certain operations and maintenance services to GLC for the tandem switch and STP equipment that resides in the Company's building. The Company also provides limited technical services that are billed on an hourly basis. The Company receives [REDACTED] per month for the services.

In addition to the contract mentioned above, the Company receives settlements for transporting traffic from the GLC fiber route and terminating that traffic at the GLC tandem. The Company receives [REDACTED] per month in 2014 and [REDACTED] per month on 2013 for billing and collection services and bandwidth between the facilities.

CLINTON COUNTY TELEPHONE COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 9 - Disputed Access

Several interexchange carriers have disputed the method of calculation of amounts charged by the Company for tandem access services. The Company continues to bill the interexchange carriers the disputed amounts as the ultimate resolution of the disputes is unknown. The carriers are not paying any portion, or very small portions (depending on the carrier), of their outstanding receivable balance until the disputes are resolved. The Company filed a complaint against one of the carriers with the Michigan Public Utilities Commission and an informal dispute was filed by the same carrier with the FCC. Subsequent to year end, the Michigan Public Utilities Commission ruled in favor of the Company. However, the ruling has been appealed by the carrier. The FCC's ruling was mixed, with some rulings in favor of the Company and others in favor of the carrier. The Company has appealed the rulings that are in favor of the carrier. In addition, a settlement agreement was reached during the year with another carrier for an amount significantly lower than the outstanding receivable balance.

The amounts included in accounts receivable due from carriers are approximately [REDACTED] and [REDACTED] at December 31, 2014 and 2013, respectively. Management has not recognized revenue by estimated amounts of the disputes at year end due to the uncertainty of a positive outcome and the collectibility of the amounts. Revenue of [REDACTED] and [REDACTED] for the years ended December 31, 2014 and 2013, respectively, have been recognized as revenue. The amounts related to the current year are recorded as reductions to revenue. The additional amounts deemed to be uncollectible are included in other expenses in the statement of operations.

Management continues to defend its position with the interexchange carriers, however, is unable to assess the likely outcome of the dispute. If the dispute is ultimately settled in the Company's favor after the appeals process, management will record any previously disputed receivables to revenue as the balances are collected.

Other operating expenses consist of the following at December 31, 2014:

Revenue adjustments
2020

[REDACTED]
[REDACTED]
[REDACTED]

SUPPLEMENTARY INFORMATION

MOSS ADAMS LLP
Certified Public Accountants • Financial Consultants

REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY INFORMATION

Board of Trustees
Clinton County Telephone Company

We have audited the consolidated financial statements of Clinton County Telephone Company and its subsidiaries as of and for the year ended December 31, 2014, and have issued our report thereon dated April 21, 2015, which contained an unmodified opinion on those consolidated financial statements and appears on page 1. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for the purposes of additional analysis of the consolidated financial statements, rather than to present financial position, results of operations, and cash flows of the individual companies, and it is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Moss Adams LLP

Spokane, Washington
April 21, 2015

CLINTON COUNTY TELEPHONE COMPANY
CONSOLIDATING BALANCE SHEET

	December 31, 2014				
	Clinton County Telephone	Westphalia Telephone Company	Westphalia Broadband Inc.	Eliminations	Total
CURRENT ASSETS					
Cash and cash equivalents	• [REDACTED]	• [REDACTED]	• [REDACTED]	• [REDACTED]	• [REDACTED]
Subscriber accounts receivable, net	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Settlements and access accounts receivable, net	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Accounts receivable, affiliates	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Income tax refunds	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Materials and supplies	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Other current assets	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total current assets	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
INVESTMENTS AND OTHER ASSETS					
Investment in affiliates	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Investment in nonaffiliates	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Deferred income taxes	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Other assets	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total other assets	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
PROPERTY, PLANT, AND EQUIPMENT					
Telecommunications plant in service	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Other plant in service	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Less accumulated depreciation	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total property, plant, and equipment	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total assets	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

CLINTON COUNTY TELEPHONE COMPANY
CONSOLIDATING BALANCE SHEET

	December 31, 2014				
	Clinton County Telephone	Westphalia Telephone Company	Westphalia Broadband Inc.	Eliminations	Total
CURRENT LIABILITIES					
Accounts payable	• [REDACTED]	• [REDACTED]	• [REDACTED]	• [REDACTED]	• [REDACTED]
Advance billings	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Other accrued liabilities	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Deferred revenues	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Current maturities - long-term debt	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total current liabilities	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
LONG-TERM DEBT					
Long-term debt	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Affiliated company	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total long-term debt	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
DEFERRED INCOME TAXES	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
STOCKHOLDER'S EQUITY					
Common stock	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Additional paid-in capital	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Retained earnings (deficit)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total stockholder's equity	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total liabilities and stockholder's equity	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

CLINTON COUNTY TELEPHONE COMPANY
CONSOLIDATING STATEMENT OF OPERATIONS

For the Year Ended December 31, 2014					
	Clinton County Telephone	Westphalia Telephone Company	Westphalia Broadband Inc.	Eliminations	Total
OPERATING REVENUE					
Wireline	•	•	•	•	•
Video	•	•	•	•	•
Internet	•	•	•	•	•
Miscellaneous revenues	•	•	•	•	•
Total operating revenues	•	•	•	•	•
OPERATING EXPENSES					
Plant specific	•	•	•	•	•
Plant nonspecific	•	•	•	•	•
Depreciation and amortization	•	•	•	•	•
Customer operations	•	•	•	•	•
Corporate operations	•	•	•	•	•
Other operating taxes	•	•	•	•	•
Other operating expenses	•	•	•	•	•
Other expenses	•	•	•	•	•
Total operating expenses	•	•	•	•	•
Operating income	•	•	•	•	•
NONOPERATING INCOME (EXPENSE)					
Interest and dividend income	•	•	•	•	•
Interest expense	•	•	•	•	•
Gain on sale of investment	•	•	•	•	•
Loss from affiliates	•	•	•	•	•
Total nonoperating income (expense)	•	•	•	•	•
Income (loss) before taxes	•	•	•	•	•
Income tax benefit (expense)	•	•	•	•	•
Net income (loss)	•	•	•	•	•

Communication with Those Charged with Corporate Governance Under US Auditing Standards (AU-C Sections 260 and 265)

Our responsibility under US Generally Accepted Auditing Standards

Our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Sensitive accounting estimates

- Depreciation
- Allowance for disputed access

Difficulties in performing the audit

None

Corrected and uncorrected misstatements

See attached lists.

Disagreements with management

None

Management representations

We have requested certain representations from management that are included in the management representation letter dated as of the report date.

Management consultations with other independent accountants

None

Other findings or issues

- Disputed access
- Going concern considerations

Great Lakes Comnet

2014 Audit Exit Memo

MOSS ADAMS LLP

Certified Public Accountants | Business Consultants

Governance communication information

Discussed verbally with:

Paul Bowman, CEO and Ryan Thelen, Controller

Date of discussion:

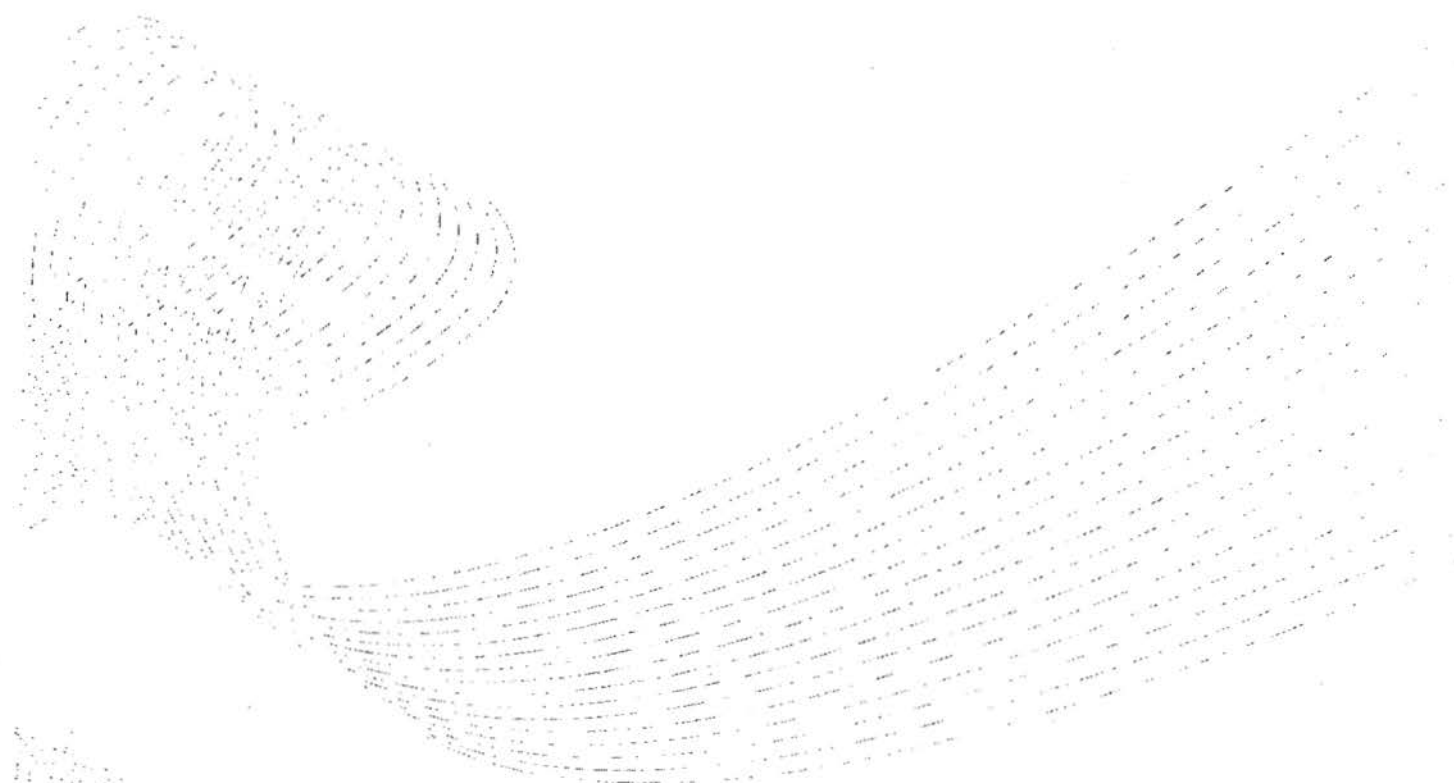
1/23/15

E-mailed to:

Randy Fletcher, Board Chairman

Date of e-mail:

5/1/15

An abstract graphic consisting of numerous thin, curved lines that sweep across the upper half of the page, creating a sense of motion and depth.

Report of Independent Auditors and
Consolidated Financial Statements
With Supplementary Information for

**Clinton Country Telephone
Company and Subsidiaries**

December 31, 2013 and 2012

MOSS ADAMS LLP

Chartered Accountants, Certified Public Accountants

1000 Peachtree Street, N.E., Suite 2000
Atlanta, Georgia 30309